

THE TORONTO STOCK EXCHANGE

18/1/73
15/3/73
19/4/73

Filing Statement no. 1866
Filed May 8th, 1973

COSEKA RESOURCES LIMITED

Full corporate name of Company

Formed by Amalgamation under the British Columbia
Companies Act June 15, 1972

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>A. Transfer of the Company's mineral properties to a wholly owned subsidiary and amalgamation of that subsidiary with Wharf Resources Ltd., a public company. See Schedule "A" on pages 3 to 6.</p> <p>B. Acquisition of Alberta petroleum and natural gas lease interests from Chapparral Mines Ltd. (N.P.L.) of Calgary, Alberta for \$170,000.</p>
2. Head office address and any other office address.	Head Office: 2190-1055 West Hastings Street, Vancouver 1, B. C.; Registered Office: 801-900 West Hastings Street, Vancouver 1, B. C.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Schedule "B" on page 7.
4. Share capitalization showing authorized and issued and outstanding capital.	<p>Authorized: 7,000,000 common shares without nominal or par value and 1,200,000 6% exchangeable shares without nominal or par value.</p> <p>Issued: 5,083,958 common shares; 656,559 6% exchangeable shares</p> <p>The 6% exchangeable shares are entitled to a 6% non-cumulative preferential dividend, priority of return of capital, have the right to be redeemed on March 15, 1977 subject to prior redemption or purchase or cancellation by the Company, are non-voting, and each exchangeable share may be exchanged for 1 common share of the Company at the option of the holder.</p>
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>Coseka has borrowed \$2,000,000 from its bankers. This loan is secured by an assignment of Coseka's interest in and the oil and gas production from the Company's Strachan and Tilley Bantry properties under Section 82 of the Bank Act.</p> <p>Coseka also has an \$800,000 line of credit from its bankers of which to date \$175,000 has been utilized. This line of credit is secured by an assignment of Coseka's interest in and the oil and gas production from the Company's Coleman properties.</p>

6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.

The following options to purchase common shares of Coseka are held by the following employees of Coseka:

Date of Grant	Optionee	No. of Shares and Price	Terms
Sept. 12 1972	Lauch F. Farris 3937 Marguerite St. Vancouver, B.C.	10,000 common \$2.29 per share	5 equal annual instalments, non-cumulative, terminating upon employee ceasing employment
"	Olga Zaholuk 103-145 East 20th St. North Vancouver, B.C.	5,000 common \$2.29 per share	"
March 2, 1973	Marie McLeod 602 One Calgary Place 330 5th Ave. S.W. Calgary, Alberta	7,500 common \$2.80	5 equal annual instalments, cumulative, terminating upon employee ceasing employment
"	Helen I. Pratt 2190-1055 West Hastings Street Vancouver, B.C.	5,000 common \$2.80 per share	"
March 2, 1973	Olga Zaholuk	2,500 common \$2.80 per share	5 equal annual instalments, cumulative, terminating upon employee ceasing employment
"	Peter R. Kutney 2190-1055 West Hastings Street Vancouver, B.C.	50,000 common \$2.80 per share	"
"	John E. Labrecque 602 One Calgary Place 330 5th Ave. S.W. Calgary, Alberta	25,000 common \$2.80 per	"

The first two options described were granted prior to the adoption by Coseka of an employee stock option plan. The balance of the options were granted pursuant to a plan adopted September 12, 1972 and subsequently approved by regulatory authorities having jurisdiction.

Coseka has agreed to employ a senior adviser for the calendar year 1973 at a salary of \$26,000 to be paid by the issuance of 8,000 common shares of Coseka. These shares have not yet been issued.

Pursuant to agreement of January 26, 1973 Coseka has agreed to issue 5,000 common shares to Telstar Resources Ltd. of Calgary, Alberta, in consideration for petroleum and natural gas lease interests. These shares have not yet been issued.

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.

See Item 6 above.

8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.

Not applicable

9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.

The Company proposes in the future to concentrate its efforts in the oil and gas field and one of the reasons for the transaction described under Item 1 is to allow the Company to implement this intention.

10. Brief statement of company's chief development work during past year.

In the period June 15, 1972 (the date of the amalgamation of Coseka and The Cariboo Gold Quartz Mining Company Limited (N.P.L.)) to date Coseka has been active in oil and gas exploration and development and to a lesser extent mining exploration. In that period Coseka has expended approximately \$2,448,000 in the acquisition and development of oil and gas properties, interests and facilities and approximately \$37,700 in the exploration of mineral properties.

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.

Petroleum and natural gas lease interests described in Item 1 are being acquired from Chapparral Mines Ltd. (N.P.L.) of 1270 Aquitaine Tower, Calgary, Alberta.

Schedule 'A'

By agreement dated February 26, 1973 between Coseka Resources Limited ("Coseka") and French Exploration Limited ("French"), a wholly owned subsidiary of Coseka, Coseka transferred to French all of its mineral property interests (with the exception of one dormant property owned by another Coseka subsidiary, Silgold Mines Ltd.), to French in consideration for 9,998 shares in the capital of French. The property interests transferred to French are described in detail below under the heading "French Properties."

By an agreement ("Amalgamation Agreement") dated March 5, 1973 between Wharf Resources Ltd. ("Wharf"), a British Columbia Company listed on the Vancouver Stock Exchange, and French, Wharf and French agreed, subject to the fulfilment of certain conditions outlined in the Amalgamation Agreement, to amalgamate and continue as one company under the provisions of Section 178 of the B. C. Companies Act.

Prior to execution of the Amalgamation Agreement, Coseka and Wharf retained Cannon-Hicks Associates Ltd., an independent geological consulting firm, to review the mineral properties of Coseka to be placed into French, and Wharf's assets, and to advise if the proposed ratio in relation to the assets of both companies was appropriate. The following is a brief description of the properties of both French and Wharf and excerpts in respect of each property from the Cannon-Hicks Report. The Report itself has been filed with the Vancouver Stock Exchange.

FRENCH PROPERTIES

<u>Property</u>	<u>Location</u>	<u>Number of Claims</u>	<u>French's Interest</u>	<u>Royalties</u>
Landusky Gold-Silver Property	Little Rocky Mountain, north-eastern Montana, U. S. A.	23 patented and 6 unpaten- ted mineral claims; approxi- mately 425 acres.	Under option to Coseka.	

Cannon-Hicks state, inter alia, that the deposit may have total reserves of 200,000,000 tons which, by selective mining and pre-concentrator upgrading by screening, could produce 20 to 30,000,000 tons of mill feed grading 0.052 ounces per ton gold and 3.10 ounces per ton silver. Cannon-Hicks also caution, however, that a considerable amount of additional exploratory work is required to confirm these estimates.

By agreement dated March 1, 1973 but not executed until March 30, 1973 Teck Mining Group Limited has committed to expend \$100,000 on exploration of this property by March 1, 1974 and may, by expending an aggregate of \$400,000 in exploration and option payments in respect of the property by March 31, 1977 earn a maximum of a 65% interest and a minimum of a 60% interest in the property. If Teck Mining Group Limited earns an interest in the property Wharf may either retain the balance of the interest in the property as a working interest or at Wharf's election, convert that working interest into a 25% carried interest.

Wells- Barkerville Property	Wells- Barkerville Area, Cariboo Mining Divi- sion, B. C.	99 Crown granted mineral claims; approximately 5,000 acres.	100%
Mosquito Creek Property	Wells- Barkerville Area, Cariboo Mining Divi- sion, B. C.	29 contiguous Crown granted mineral claims; approximately 1,500 acres.	22% interest*

*Represented by ownership of shares in Mosquito Creek Gold Mining Company Ltd.

These two properties cover the former producing mines of The Cariboo Gold Quartz Mining Company Limited (N.P.L.) and Island Mountain Mines Ltd. Cannon-Hicks state that suspension of operations was brought about through rising costs in the face of a fixed gold price, and further state that with the increase in the price of gold there is a good probability that profitable operations might be resumed.

<u>Property</u>	<u>Location</u>	<u>Number of Claims</u>	<u>French's Interest</u>	<u>Royalties</u>
Run Property	North-western British Columbia, Liard Mining Division, B. C.	68 mineral claims; approximately 4,400 acres.	21.25% carried interest	2% net proceeds

In the opinion of Cannon-Hicks a recoverable grade of at least 0.85% copper or the equivalent in combined metals is required before a profit can be visualized from an open pit operation from the Run property under present metal prices and operating costs in that area. Such being the case, and assuming that the ore mineralization has a magnetic signature, in the opinion of Cannon-Hicks only three of the recorded magnetic anomalies could be indicators of mineralization with open pit dimensions and only two are favourably located for easy extraction.

Ram River Coal	Ram River Alberta, foothills belt.	12 provin- cial Crown leases; approximately 11,800 acres.	100%	Crown royalties
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Cannon-Hicks state that geological and geophysical surveys, followed by limited drilling, have disclosed the existence of coal of good metallurgical quality on one of the leases. They further state that additional work is required for a full evaluation.

Ruttan Lake Property	Ruttan Lake Area, The Pas Mining District, Manitoba.	20 claim blocks; approximately 18,600 acres.	28 1/2% (reducible to 13 1/2%)
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Exploration of the property is managed by Phelps Dodge Corporation of Canada, Limited. Cannon-Hicks report that the geophysical work carried out by Phelps Dodge is reported to have located several anomalous areas apparently indicating bedrock conductors. Phelps Dodge has advised that a diamond drilling program of a minimum of three holes is to be carried out in 1973.

<u>Property</u>	<u>Location</u>	<u>Number of Claims</u>	<u>French's Interest</u>	<u>Royalties</u>
Middle Fork Property	North bend North Cascades Region, Washington, U. S. A.	15 patented claims, 228 unpatented claims, 15 fractional claims; approximately 5,000 acres.	5%	

Cannon-Hicks state that this is a potential porphyry-type, underground copper mine and that extensive surface and underground exploratory work has indicated a number of mineralized zones.

White Rocks Property	Lambly Lake Vernon Mining Division, B. C.	55 mineral claims; approximately 2,850 acres.	50%
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Cannon-Hicks state that at the present time this property cannot be considered an important asset.

Snow Claim Group Property	Prairie Creek Area, Nahanni District, Northwest Territories.	28 mineral claims; approximately 1,400 acres.	65%
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Cannon-Hicks state that at the present time this property cannot be considered an important asset.

WHARF PROPERTIES

<u>Property</u>	<u>Location</u>	<u>Number of Claims</u>	<u>Wharf's Interest</u>	<u>Royalties</u>
Strike-Lorna Group Property	Nicola Mining Division, B. C.	21 mineral claims; approximately 1,100 acres.	50%	

Cannon-Hicks state that work to date has located areas of low grade copper mineralization and that the property should be retained and consideration given to an additional work program at some future date.

Reed Lake Property	West of McLeod Lake, B. C.	60 mineral claims; approximately 3,000 acres.	100%
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Cannon-Hicks state that no further work is justified on this property.

<u>Property</u>	<u>Location</u>	<u>Number of Claims</u>	<u>Wharf's Interest</u>	<u>Royalties</u>
Earl Group Property	East of Dease Lake, B. C.	8 mineral claims and 3 fractional mineral claims; approximately 450 acres.	100%	

Cannon-Hicks state that no additional work appears justified.

Lucky Ship Property	South-west of Houston, B. C.	Located mineral claims.	5% net profits interest.
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This property is owned by Amax Exploration Ltd. Cannon-Hicks state that under present economic conditions, exploitation of the property is not feasible but that it may become an asset of value at some future date.

In its Report of January 19, 1973, in summary and in conclusion, Cannon-Hicks states that:

"It is apparent that the holdings of Wharf Resources Ltd. are not significant at this time. No exploration work is currently under way or planned on any of them and past results have not been encouraging. On the other hand several of (French) holdings, in particular the Landusky Gold-Silver Property, are of considerable promise. Exploratory programs are currently under way or are being planned on others. Offsetting to some extent the imbalance in property holdings of the two companies is the fact that Wharf will contribute approximately \$200,000 in cash to the continuing entity. Under these circumstances and after a thorough study of all aspects of the proposed Agreement, it is our opinion that it is fair and equitable to both parties."

The Amalgamated Company will be a public company bearing the name Wharf Resources Ltd. and will be authorized to issue 7,500,000 Common Shares without nominal or par value with a maximum price or consideration of \$1.50 each.

The number of Directors of the Amalgamated Company will be eight, and their names, addresses and occupations are set forth in paragraph 5 of the Amalgamation Agreement.

Upon a Certificate of Amalgamation being issued, the outstanding shares of Wharf and French will be exchanged for shares of the Amalgamated Company on the following basis:

- (a) One Share of Wharf for One Common Share of the Amalgamated Company;
- (b) One Common Share of French for 410 Common Shares of the Amalgamated Company.

No fractional Common Shares of the Amalgamated Company will be issued.

Wharf presently has 1,001,251 issued shares and French presently has 10,000 issued common shares. Upon the amalgamation becoming effective, the shareholders of Wharf will beneficially own 1,001,251 shares of the Amalgamated Company and Coseka will beneficially own 4,100,000 shares, being approximately 80% of the issued shares of the Amalgamated Company.

It is intended that application will be made for listing of the shares of the Amalgamated Company on the Vancouver Stock Exchange concurrently with the amalgamation becoming effective.

Schedule 'B'

The following are the present directors and officers of Coseka:

<u>Name and Address</u>	<u>Position with the Company</u>	<u>Chief Occupation for Past 5 Years</u>
John S. Davidson 4727 Drummond Drive Vancouver, B. C.	Chairman of the Board and a Director	Insurance Executive; Director, Reed Shaw Osler Limited
Peter R. Kutney 1602-2055 Pendrell St. Vancouver, B. C.	President and Director	President of the Company; Prior thereto petroleum and natural gas consultant and prior thereto Vice-President of Westcoast Transmission Co. Ltd.
J. Royden Morris 1001-1985 Bellevue Ave. West Vancouver, B. C.	Vice-President and Director	Mining Executive
Robert A. Boulware 680 One Calgary Place 330 5th Avenue S.W. Calgary, Alberta	Vice-President and Director	Petroleum Geophysicist
Roland E. Legg 6642 Adera Street Vancouver, B. C.	Director	Consulting Engineer
William H. McLallen #110-2075 Nelson Street Vancouver, B. C.	Director	President, Capilano Timber Co. Ltd.
Charles E. Michener 4302-401 Bay Street Toronto, Ontario	Director	Consulting Geologist
David A. Sloan #26-425 Howe Street Vancouver, B. C.	Director	Mining Consultant
Paul Bell 830 10th Avenue West Calgary, Alberta	Director	Executive
John Ernest Labrecque 19 Cherovan Drive Calgary, Alberta	Vice-President	Employee of the Company since March, 1972; Vice-President since December, 1972; prior thereto Chief Geologist, Foothills Division, Imperial Oil Enterprises Ltd.
Lauch F. Farris 3937 Marguerite St. Vancouver, B. C.	Secretary	Executive
Olga Zaholuk 103-145 East 20th St. North Vancouver, B. C.	Assistant Secretary	Secretary

Note: Mr. Roy E. Ricks, formerly a director of Coseka, did not stand for re-election at the annual general meeting of Coseka in December, 1972.

»Financial Statements«

COSEKA RESOURCES LIMITED

(Under the Companies Act, British Columbia)

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1973 AND JUNE 15, 1972

(Subject to audit)

		LIABILITIES AND SHAREHOLDERS' EQUITY	
		1973	1972
ASSETS			
CURRENT ASSETS:			
Cash	\$	\$ 63,109	\$ 75,000
Term deposits		200,000	173,714
Accounts receivable		170,605	18,956
Marketable securities - at cost (market value 1973 - \$34,332; 1972 - \$156,500)		109,182	-
Loan receivable		24,500	267,670
Prepaid expenses		10,166	-
Total current assets		577,562	1,900,000
OTHER INVESTMENTS (Notes 2c and 3)		83,964	-
PETROLEUM AND NATURAL GAS PROPERTIES (Notes 4 and 12)		1,584,143	-
MINERAL PROPERTIES (Notes 5 and 12)		785,226	-
PROPERTY, PLANT AND EQUIPMENT (Note 6)		388,023	1,475,910
Less accumulated depreciation and amortization ..		32,582	1,684,210
Net property, plant and equipment		355,441	3,160,120
OTHER ASSETS - at cost		17,852	(23,602)
Retained earnings (Deficit)		31,687	3,136,518
Total shareholders' equity		3,214,307	3,136,518
LONG-TERM DEBT (Note 7)		1,900,000	-
SHAREHOLDERS' EQUITY:			
Share capital (Notes 1, 9, 10 and 12):			
Authorized:			
1,200,000 6% exchangeable shares without nominal or par value			
7,000,000 common shares without nominal or par value			
Issued and fully paid:			
763,158 (1972 - 983,940) 6% exchangeable shares		1,144,737	1,475,910
4,992,354 (1972 - 4,756,577) common shares ...		2,037,883	1,684,210
		3,182,620	3,160,120
Retained earnings (Deficit)		31,687	(23,602)
Total shareholders' equity		3,214,307	3,136,518

APPROVED BY THE BOARD

Director

Director

TOTAL \$5,707,344 \$3,404,188

TOTAL \$5,707,344 \$3,404,188

The accompanying notes are an integral part of the consolidated financial statements.

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME

FOR THE PERIOD FROM DATE OF AMALGAMATION,
JUNE 15, 1972, TO JANUARY 31, 1973

(with unaudited figures of the predecessor companies for the
seven and one half months ended January 31, 1972 for comparison)

(Subject to audit)

	<u>1973</u>	<u>1972</u> (Unaudited)
REVENUE	\$215,637	\$191,018
COST OF PRODUCTION:		
Operating expenses	69,279	55,596
Depletion	12,072	10,630
Depreciation of production facilities	11,596	14,127
Total cost of production	92,947	80,353
	122,690	110,665
ADMINISTRATIVE EXPENSES - Schedule 1	21,386	39,755
INCOME FROM OPERATIONS	101,304	70,910
OTHER INCOME:		
Gain on investments - net	26,462	-
Interest income	6,416	6,266
	32,878	6,266
	134,182	77,176
OTHER CHARGES:		
Wells townsite - net expenses (including depreciation of \$356; 1972 - \$510)	10,236	12,097
Loss (gain) on disposal of fixed assets	116	(219)
	10,352	11,878
INCOME BEFORE PROVISION FOR INCOME TAXES AND EXTRAORDINARY ITEM ..	123,830	65,298
PROVISION FOR INCOME TAXES (Note 8)	51,000	22,000
INCOME BEFORE EXTRAORDINARY ITEM	72,830	43,298
EXTRAORDINARY ITEM (Note 8)	50,590	22,000
NET INCOME FOR THE PERIOD	\$123,420	\$ 65,298

The accompanying notes are an integral part
of the consolidated financial statements.

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE PERIOD FROM DATE OF AMALGAMATION,
JUNE 15, 1972, TO JANUARY 31, 1973

(Subject to audit)

DEFICIT AS AT JUNE 15, 1972	\$(23,602)
Add costs written off on properties abandoned:	
Acquisition	(18,691)
Deferred exploration and development - Schedule 2	(49,440)
	(91,733)
NET INCOME FOR THE PERIOD	123,420
RETAINED EARNINGS AS AT JANUARY 31, 1973	<u>\$ 31,687</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD FROM DATE OF AMALGAMATION,
JUNE 15, 1972, TO JANUARY 31, 1973

(Subject to audit)

FUNDS PROVIDED:

Income before extraordinary item	\$ 72,830
Depletion	12,072
Depreciation	15,097
Write-down of investment (Note 3(d))	1,335
Loss on disposal of fixed assets	116
Total funds provided from operations	101,450
Extraordinary item (Note 8)	50,590
Proceeds from disposal of fixed assets	4,034
Option payment received (credited to mineral property costs)	8,500
Bank loan (net of current portion)	1,900,000
Total funds provided	<u>2,064,574</u>

FUNDS APPLIED:

Expenditures on petroleum and natural gas properties	2,166,638
Expenditures on mineral properties	66,966
Expenditures on property, plant and equipment	221,836
Provincial registration fees paid	440
Total funds applied	<u>2,455,880</u>

DECREASE IN WORKING CAPITAL	391,306
WORKING CAPITAL AS AT JUNE 15, 1972	<u>309,892</u>
WORKING CAPITAL DEFICIT AS AT JANUARY 31, 1973	<u>\$ 81,414</u>

The accompanying notes are an integral part
of the consolidated financial statements.

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE PERIOD FROM DATE OF AMALGAMATION,
JUNE 15, 1972, TO JANUARY 31, 1973

(with unaudited figures of the predecessor companies for the
seven and one-half months ended January 31, 1972 for comparison)

(Subject to audit)

	<u>1973</u>	<u>1972</u> (Unaudited)
Depreciation	\$ 3,145	\$ 357
Interest and bank charges	31,244	19,100
Legal and audit	26,052	34,401
Meeting and shareholders' expenses	17,809	3,725
Miscellaneous	9,057	8,788
Office	12,833	11,200
Rent	12,696	6,370
Salaries and employee benefits	67,176	26,521
Stock exchange and transfer agent fees	20,376	9,129
Travel	<u>7,525</u>	<u>3,307</u>
	207,913	122,898
Deduct expenses recovered	<u>3,687</u>	<u>-</u>
	<u>204,226</u>	<u>122,898</u>
Deduct portion allocated to:		
Petroleum and natural gas properties	172,113	40,223
Mineral property deferred exploration and development costs ..	<u>10,727</u>	<u>42,920</u>
	<u>182,840</u>	<u>83,143</u>
Net administrative expenses	<u>\$ 21,386</u>	<u>\$ 39,755</u>

CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION
AND DEVELOPMENT COSTS - MINERAL PROPERTIES

FOR THE PERIOD FROM DATE OF AMALGAMATION,
JUNE 15, 1972 TO JANUARY 31, 1973

	Total to June 15, 1972	Current Exploration and Development Costs	Allocated Administrative Costs	Transferred to Deficit	Total to January 31, 1973
Atlin	\$ 14,813	\$ -	\$ -	\$14,813	\$ -
Hole	17,532	-	-	17,532	-
B.J. Group	6,606	-	-	6,606	-
Landusky (Montana)	115,204	7,788	2,446	-	125,438
Snow Claims	405	-	-	-	405
Ram River Coal Leases ..	16,190	1,934	555	-	18,679
Mosquito Creek	31	25,000	4,239	-	29,270
Elkhorn (Montana)	96,357	-	93	-	96,450
Wells - Barkerville	41,789	1,457	480	-	43,726
Middle Fork	454	-	-	-	454
Cache Creek	2,743	-	-	-	2,743
White Rocks	9,838	776	223	-	10,837
Ruttan Lake	5,290	1,242	356	-	6,888
General	<u>-</u>	<u>8,154</u>	<u>2,335</u>	<u>10,489</u>	<u>-</u>
	<u>\$327,252</u>	<u>\$46,351</u>	<u>\$10,727</u>	<u>\$49,440</u>	<u>\$334,890</u>

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED SCHEDULE OF EXPENDITURES BY PRECEDESSOR COMPANIES
ON PETROLEUM AND NATURAL GAS PROPERTIES TRANSFERRED TO THE
COMPANY ON AMALGAMATION

JUNE 15, 1972

(Subject to audit)

PROPERTY:	<u>Niseka</u>	<u>Coseka</u>	<u>Cariboo</u>	Total <u>June 15, 1972</u>
Tilley-Bantry Area	\$ 33,173	\$100,935	\$ -	\$ 134,108
Coleman Area	321,626	30,713	-	352,339
Imperial Oil:				
Joint Venture "A"	-	197,395	-	197,395
Joint Venture "B"	-	30	-	30
South Ricinus	-	439,197	-	439,197
North West Joint Venture	-	255	-	255
Quaich Option	-	20,740	-	20,740
Trans Canada Joint Venture	-	10,274	-	10,274
Medicine Hat		150,457	-	150,457
Strachan-Leduc (net of \$22,150 depletion)	-	-	224,995	224,995
Holden	-	-	35,941	35,941
Saskatchewan Oil Lease	-	-	1	1
Misty Area	-	-	2,500	2,500
Villeneuve	-	-	3,500	3,500
Dutch North Sea	-	231	-	231
General Exploration	<u>-</u>	<u>12,180</u>	<u>-</u>	<u>12,180</u>
TOTAL	<u>\$354,799</u>	<u>\$962,407</u>	<u>\$266,937</u>	<u>\$1,584,143</u>

NOTE:

Coin Canyon Mines Ltd. and Niseka Mining Ltd. amalgamated on August 20, 1971 under the name of Coseka Resources Ltd.

**COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY PREDECESSOR COMPANIES
ON MINERAL PROPERTIES TRANSFERRED TO THE COMPANY ON AMALGAMATION**

JUNE 15, 1972

(Subject to audit)

Property	Coin Canyon	Niseka	Coseka	Cariboo	Total - June 15, 1972		
					Acquisition Costs	Deferred Exploration and Development Costs	
Atlin	\$ 15,026	\$ -	\$ 34	\$ -	\$ 247	\$ 14,813	
Hole	27,252	-	-	-	9,720	17,532	
B.J. Group	6,725	-	21	-	140	6,606	
Landusky (Montana)	-	154,133	23,806	-	62,735	115,204	
Snow claims	-	-	40,404	-	39,999	405	
Ram River Coal leases	-	-	226,190	-	210,000	16,190	
Mosquito Creek	-	-	31	-	-	31	
Elkhorn (Montana)	166,967	-	1,881	-	72,491	96,357	
Wells - Barkerville (Note (a))	-	-	546	41,244	1	41,789	
Middle Fork	-	-	-	12,675	12,221	454	
Cache Creek	-	-	-	4,108	1,365	2,743	
Ruttan Lake	-	-	-	24,146	18,856	5,290	
White Rock Mountain	-	-	-	15,938	6,100	9,838	
Silver Bug (Montana)	-	-	509	-	509	-	
Run property	27,268	-	(3,678)	-	23,590	-	
	<u>\$243,238</u>	<u>\$154,133</u>	<u>\$289,744</u>	<u>\$98,111</u>	<u>\$457,974</u>	<u>\$327,252</u>	
							<u>\$785,226</u>

NOTE:

- (a) Original investment (except for nominal value of \$1) written off to deficit by Cariboo Gold Quartz Mining Company Limited (N.P.L.).
- (b) Coin Canyon Mines Ltd. and Niseka Mining Ltd. amalgamated August 20, 1971 under the name of Coseka Resources Limited.

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1973

(Subject to audit)

1. AMALGAMATION:

Coseka Resources Limited (Coseka) and Cariboo Gold Quartz Mining Company Limited (N.P.L.) (Cariboo) amalgamated under the continuing name of Coseka Resources Limited on June 15, 1972 pursuant to Section 178 of the Companies Act, British Columbia.

Under the terms of the amalgamation, shares of Coseka Resources Limited (the amalgamated company) have been issued on the following basis:

- One common share of the amalgamated company for each common share outstanding of Coseka
- One common share of the amalgamated company for each 1.8 common shares outstanding of Cariboo
- One 6% exchangeable share of the amalgamated company for each 6% exchangeable share outstanding of Coseka

The issued share capital as at the date of the amalgamation was as follows:

	<u>Original Shares</u>	<u>Amalgamated Shares</u>	<u>Deemed Consideration</u>
<u>6% Exchangeable Shares:</u>			
Coseka	<u>983,940</u>	<u>983,940</u>	<u>\$1,475,910</u>
<u>Common Shares:</u>			
Coseka	<u>3,222,797</u>	<u>3,222,797</u>	<u>\$1,407,425</u>
Add contributed surplus as at June 14, 1972			<u>4,645</u>
			<u>1,412,070</u>
Deduct deficit as at June 14, 1972			<u>483,843</u>
		<u>3,222,797</u>	<u>928,227</u>
Cariboo	<u>2,760,809</u>	<u>1,533,780</u>	<u>2,760,809</u>
Deduct net discount on shares as at June 14, 1972			<u>326,947</u>
			<u>2,433,862</u>
Deduct deficit as at June 14, 1972			<u>1,677,879</u>
		<u>1,533,780</u>	<u>755,983</u>
Balance as at June 15, 1972		<u>4,756,577</u>	<u>\$1,684,210</u>

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1973

(Subject to audit)

2. PRINCIPLES OF CONSOLIDATION:

A. Silgold Mines Inc.:

The consolidated financial statements include the accounts of Silgold Mines Inc., (an Idaho corporation and a wholly-owned subsidiary) since the date of acquisition, December 3, 1969. The excess of the consideration paid for the shares over the net book value of the assets at the date of acquisition was \$54,322. This excess has been allocated to mineral properties as follows:

Elkhorn Group claims	\$36,215
Tinta Group claims (abandoned and written off to deficit)	<u>18,107</u>
	<u>\$54,322</u>

The accounts of Silgold Mines Inc. have been converted to Canadian Funds on the following basis:

- Current assets and current liabilities at par
- Other assets at rates of exchange at the dates of the relevant transactions

B. Safari Oil and Gas Limited:

The company has an 80% interest in Safari Oil and Gas Limited (incorporated in the Province of Alberta). The operations of the subsidiary have been included in the consolidated statements from the date of incorporation, November 1, 1971.

C. Non-consolidated subsidiaries:

The company is carrying its investment in three subsidiaries, The Wells Townsite Company Limited, Gold Quartz Hospital Limited and French Mines Ltd. (N.P.L.) at a nominal value of \$1 each. The balance of the original investment was charged to deficit by a predecessor company. These companies have not been included in the consolidation as they are inactive and had no profits or losses during the period.

3. OTHER INVESTMENTS:

The company has the following investments for which there is no quoted value at January 31, 1973:

A. The Mosquito Creek Gold Mining Co. Ltd. (N.P.L.):

- 200,000 shares acquired in exchange for ten Crown granted mineral claims, recorded at a nominal value of \$1. Subsequent to January 31, 1973, the company exchanged its 5% working interest (related costs as at January 31, 1973 - \$29,270) in certain Mosquito Creek claims for 50,000 additional shares.

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1973

(Subject to audit)

3. OTHER INVESTMENTS (Continued):

B. Noordzee Exploratie Maatschappij N.V.:

The company has a 10% interest in two oil and natural gas exploration licences in the Dutch Sector of the North Sea. 25% of the company's interest is held through its 10% interest in Noordzee Exploratie Maatschappij N.V. acquired for a cost of \$3,190. It is the intention to offer all the shares of Noordzee Exploratie Maatschappij N.V. to the Dutch public.

C. 127,500 common shares of Ultrabasic Minerals Ltd. (N.P.L.) \$75,770
7,500 shares acquired for cash at 10¢ per share
120,000 shares acquired in exchange for four placer
mining leases at an ascribed value of
\$75,020

D. 5,000 shares of Shepherd Enterprises Ltd. acquired for
\$5,000 cash

Subsequent to January 31, 1973, this company was liquidated and the investment has been written down to the estimated proceeds of \$3,665.

4. PETROLEUM AND NATURAL GAS PROPERTIES:

A. Accounting policy:

On amalgamation the company adopted the full cost method of accounting for petroleum and natural gas properties. Under this method all costs, including a portion of administrative expenses, relating to the exploration for and development of oil and natural gas reserves are capitalized. Proceeds received from disposal of properties are credited against such accumulated costs. Depletion of such net costs is provided for by the unit of production method based on the company's total estimated recoverable reserves of all properties.

Prior to amalgamation the costs of the one natural gas property in production were being depleted by the unit of production method based on the total estimated recoverable reserves of that property.

B. Commitments:

At January 31, 1973, the company was committed to expend approximately \$1,140,000 on exploration and development of which \$ has subsequently been advanced.

5. MINERAL PROPERTIES (See Note 12):

A. Accounting policy:

The company follows the practice of capitalizing in its accounts all costs, including a portion of administrative expenses, relating to the exploration for and development of mineral properties. If a property is abandoned the aggregate of the costs related to it are charged to deficit at that time.

The amount shown on the balance sheet at January 31, 1973 for mineral properties is made up of the following:

Mineral claims owned and held under option	\$253,171
Coal leases	210,000
Deferred exploration and development costs - Schedule 2 .	<u>334,890</u>
	<u>\$798,061</u>

These amounts represent costs to date less amounts written off including values ascribed for shares issued or received in exchange therefor.

B. Option - Landusky property:

At January 31, 1973 the company had an option to purchase certain mineral claims in the State of Montana for \$400,000 U.S. of which \$70,000 has been paid. The balance is payable as follows:

- Option payment August 16, 1973 - \$10,000 plus 10% of development costs expended on the property in excess of \$100,000.
- Balance due August 16, 1974.
- Subsequent to January 31, 1973 the company's interests in this property were sold to French Exploration Limited (Note 12A and 12C).

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1973

(Subject to audit)

6. PROPERTY, PLANT AND EQUIPMENT:

The major categories of property, plant and equipment (at cost except as noted below) and related accumulated depreciation and amortization at January 31, 1973 were as follows:

	<u>Property, Plant and Equipment</u>	<u>Accumulated Depreciation and Amortization</u>
- Petroleum and natural gas production facilities	\$545,448	\$41,047
- Millsite, building and equipment - Elkhorn property, Montana	10,446	213
- Idle buildings and equipment - Wells- Barkerville property (at estimated net realizable value)	18,825	-
- Automotive equipment	4,595	2,694
- Office furniture and equipment	20,877	2,787
- Leasehold improvements	<u>5,495</u>	<u>915</u>
	<u>\$605,686</u>	<u>\$47,656</u>

Production facilities are being depreciated by the unit of production method on an individual property basis based on the estimated recoverable reserves of each property.

Leasehold improvements are being amortized over the terms of the leases and the remaining assets are being depreciated by the declining balance method at rates varying from 10% to 30%.

7. LONG-TERM DEBT:

The long-term debt of the company consists of a \$2,000,000 demand loan payable to a Canadian chartered bank and secured by a general assignment of the company's accounts receivable and an assignment of the company's interest in the Strachen and Tilley-Bantry properties. The agreed terms of repayment call for monthly interest payments at 3/4% above the bank's prime rate (prime as at January 31, 1973 - 6%) and, commencing November 1973, sixty monthly principal payments. These terms have been reflected in the financial statements at January 31, 1973 as follows:

Bank loan	\$2,000,000
Less current portion due within one year	<u>100,000</u>
Long-term debt	<u>\$1,900,000</u>

The company has an additional line of credit with the same bank of \$800,000 (of which \$ had been drawn as at , 1973) which is repayable on the same terms.

8. EXTRAORDINARY ITEM - INCOME TAXES:

Income taxes otherwise payable have been eliminated (except for \$410 payable by a subsidiary) by claiming depreciation for tax purposes in excess of the amount recorded in the accounts.

Up to the date of amalgamation the predecessor companies had recorded depreciation in excess of that claimed for income tax purposes by approximately \$2,400,000, but the future potential tax reductions related thereto of approximately \$1,150,000 have not been recognized in the accounts. The company has during the current period utilized approximately \$105,000 of this excess depreciation and will have the benefit of claiming the remaining excess against future taxable income when earned.

Development expenditures charged against income in the predecessor companies but not claimed for income tax purposes may only be deducted against future taxable income in certain restricted cases. No development expenditures related to properties currently held by the company have been claimed for income tax purposes as at January 31, 1973.

**COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1973

(Subject to audit)

9. SHARE CAPITAL:

A. Issued shares:

During the period 220,782 6% exchangeable shares were exchanged for common shares and 15,000 common shares were issued from the treasury pursuant to the agreement referred to in (B) below. Issued share capital as at January 31, 1973 was as follows:

	<u>Shares</u>	<u>Amount</u>
<u>6% Exchangeable Shares:</u>		
Balance June 15, 1972	983,940	\$1,475,910
Exchanged	<u>(220,782)</u>	<u>(331,173)</u>
Balance January 31, 1973	<u>763,158</u>	<u>\$1,144,737</u>
<u>Common Shares:</u>		
Balance June 15, 1972	4,756,577	\$1,684,210
Exchanged	220,782	331,173
Issued	15,000	22,500
Reduction on conversion of shares of predecessor companies	<u>(5)</u>	<u>-</u>
Balance January 31, 1973	<u>4,992,354</u>	<u>\$2,037,883</u>

The 6% exchangeable shares provide for a 6% non-cumulative preferential dividend, priority of return of capital, are redeemable, at the option of the company for the paid up amount thereon plus a portion of the retained earnings as determined by the Articles of the company and may be exchanged, at the shareholders option, for a like number of common shares.

B. Royalty agreement:

Pursuant to an amended royalty agreement dated May 30, 1972, 15,000 common shares were issued during the period for an ascribed consideration of \$22,500 (based on the market price May 30, 1972) which amount has been included in the costs incurred on the Run property.

C. Employment contract:

On December 13, 1972, the company agreed to employ a senior advisor for the calendar year 1973 at a salary of \$26,000 which is to be paid by the issue of 8,000 common shares of the company, 4,000 on January 31, 1973 and 4,000 on June 30, 1973. This agreement is subject to the approval of the Vancouver and Toronto Stock Exchanges and no shares had been issued at January 31, 1973.

D. Agreement payable:

The company has acquired an interest in certain petroleum and natural gas properties in the Atmore Area, Alberta for \$20,000, which amount is included in accounts payable at January 31, 1973. Subsequently this debt was satisfied by the allotment to the vendor of 5,000 fully paid common shares of the company.

10. STOCK OPTIONS:

On September 12, 1972 the company granted five year cumulative stock options on 15,000 shares at a price of \$2.29 (market price September 12, 1972 - \$2.69) to two officers. The options may be exercised 20% at the date of granting the option and 20% on each of the following four anniversary dates with the cumulative rights to acquire in subsequent years shares not acquired during previous years. The options expire five years after the date of grant and are subject to restrictions relating to the optionee's employment with the company. No options had been exercised at January 31, 1973.

On March 2, 1973, further options on 90,000 shares at a price of \$2.80 (market price March 2, 1973 - \$3.20) were granted on the same terms as above to two officers and three employees of the company.

COSEKA RESOURCES LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1973

(Subject to audit)

11. COMMITMENTS:

The company has entered into five year management contracts expiring in 1977 with the President and one Vice-President at salaries of \$30,000 and \$17,000 per annum respectively. The President's contract must be honoured even in the case of incapacity or death.

12. SUBSEQUENT EVENTS:

A. French Exploration Limited:

On February 19, 1973, French Exploration Limited (French) was incorporated as a wholly-owned subsidiary, and on February 28, 1973, the company sold French the following assets for \$1,000,000:

- (i) All the company's mineral properties with the exception of the Elkhorn, Montana property owned by Silgold Mines Inc. (costs included on the consolidated balance sheet related to the Elkhorn property amount to \$160,171).
- (ii) The 250,000 shares in The Mosquito Creek Gold Mining Co. Ltd. (N.P.L.) (Note 3A), and
- (iii) The idle buildings and equipment situated on the Wells-Barkerville property (Note 6).

Consideration for the sale was \$20,000 cash and 9,998 fully paid and non-assessable common shares of French.

B. Wharf Resources Ltd.:

On March 5, 1973, French entered into an agreement to amalgamate with Wharf Resources Ltd. (a public company). Under the terms of the agreement, Coseka Resources Limited will be allotted 4,100,000 (80.4%) of the issued shares of the amalgamated company.

C. Option agreement:

On March 1, 1973, French entered into an agreement with Teck Mining Group Limited (Teck), whereby French granted an option to Teck to acquire an undivided interest in the option agreement referred to in Note 5(B). Under the terms of the agreement Teck will be required to expend \$400,000 (\$100,000 by March 15, 1974) on exploration and development of the property, and depending upon the speed with which the monies are expended will earn an undivided interest of 60% to 65% in the properties. Teck will also be responsible for making the required option payments referred to in Note 5(B); however, if Teck decides to put the property in production, French will be responsible for its pro-rata share of such option payments.

The agreement is subject to confirmation by Teck's counsel of the titles to the property.

D. South Ricinus property:

On March 16, 1973, Albany Oil & Gas Ltd. exercised its right to convert its 1.05% royalty interest in the property to a 5% working interest. As a result the company has received \$74,408.

WHARF RESOURCES LTD.

Balance Sheet

(Unaudited)

February 28, 1973

Assets

Current	
Cash	\$ 10,874
Term deposits	<u>200,000</u>
	210,874
Investments - (Note 2)	15,000
Mining claims - at cost	50,252
Exploration and development costs	123,817
Incorporation costs	<u>2,695</u>
	<u>\$402,638</u>

Shareholders' Equity

Share capital		
Authorized (Note 1)		
3,500,000 shares of no par value with		
a maximum issue price of \$1		
Issued and outstanding (Note 3)		
1,001,251 shares		\$981,503
Deficit		
Balance March 31, 1972	\$(546,057)	
Add: Loss on disposal of investments	<u>32,808</u>	<u>(578,865)</u>
		<u>\$402,638</u>

W. H. Gormley
Secy.

The attached notes form part of this statement.

WEART RESOURCES LTD.Statement of Source and Application of Funds
(Unaudited)Eleven months ended February 28, 1973

Source

Proceeds from sale of investments	\$238,071
Proceeds from sale of shares (Note 3)	<u>266,000</u>
	506,071

Application

Purchase of investments	237,446
Exploration and development costs	81,626
Acquisition of mining claims	<u>3,000</u>
	<u>322,072</u>
Increase in working capital	183,999
Working capital, March 31, 1972	<u>26,875</u>
Working capital, February 28, 1973	<u>\$210,874</u>

Exploration and Development Costs
(Unaudited)Eleven months ended February 28, 1973

	Balance March 31, 1972	Expended during period	Balance December 15, 1972
Exploration and development			
Wages and camp supplies	\$ 4,904	\$ 6,499	\$ 11,403
Engineering and consulting	14,711	5,086	19,797
Drilling and bulldozing	-	16,202	16,202
Assay and analysis	3,450	1,204	4,654
Employee benefits	218	506	724
Travel and automobile	3,286	23,122	26,408
Sundry	<u>160</u>	<u>205</u>	<u>365</u>
	<u>26,729</u>	<u>52,824</u>	<u>79,553</u>
Administrative			
Office salaries	1,650	-	1,650
Professional fees	7,127	9,083	16,210
Office	2,694	2,605	5,299
Telephone	922	-	922
Rent	1,080	-	1,080
Employee benefits	237	52	289
Management fees	-	10,000	10,000
Travel	5,209	8,246	13,455
Trustee fees	2,125	2,787	4,912
Interest and bank charges	601	338	939
Sundry	<u>182</u>	<u>250</u>	<u>432</u>
	<u>21,827</u>	<u>33,361</u>	<u>55,188</u>
	48,556	86,185	134,741
Less: Interest and other income	<u>6,365</u>	<u>4,559</u>	<u>10,924</u>
	<u>\$ 42,191</u>	<u>\$ 81,626</u>	<u>\$123,817</u>

WHARF RESOURCES LTD.

Notes to Financial Statements

February 28, 1973

Note 1 -

At the Annual General Meeting of the shareholders held September 30, 1972 the following special Resolutions were passed.

1. The name of the Company was changed from Plateau Metals & Industries Ltd. to Wharf Resources Ltd.
2. The authorized share capital was consolidated from 3,500,000 shares of no par value with a maximum issue price of \$1, of which 2,705,005 were issued, to 875,000 shares of which 676,251 shares were issued.
3. The authorized capital was increased from 875,000 shares to 3,500,000 shares of no par value with a maximum issue price of \$1 each.

Note 2 -

Investments	Number of Shares	Cost	Market Value
Axel Mines Ltd.	400,000	\$ 7,500	\$ NIL
Newport Ventures Limited	75,000	<u>7,500</u>	<u>NIL</u>
		<u>\$15,000</u>	<u>\$ NIL</u>

Note 3 -

Share capital	Number of Shares	Amount
Issued for cash	773,751	\$526,503
Issued for mining properties	<u>227,500</u>	<u>455,000</u>
	<u>1,001,251</u>	<u>\$981,503</u>

Under an Underwriting Agreement dated April 12, 1972, the Company sold to Donaldson Securities Ltd., prior to the consolidation referred to in Note 1, 400,000 shares for \$130,000 net to the Company. An option for an additional 200,000 shares of the Company was not exercised by Donaldson Securities Ltd.

The Company, under a second Underwriting Agreement with Donaldson Securities Ltd. dated December 10, 1972, sold an additional 325,000 shares for \$138,000 net to the Company.

Of the 227,500 shares issued for mining properties, 83,000 shares are held in escrow by Guaranty Trust Company of Canada and may not be released without the consent of the British Columbia Securities Commission and the Vancouver Stock Exchange.

Conlin, Cinnamon, Speller & Co.

R. H. CONLIN, C.A.
A. L. CINNAMON, C.A.
R. W. SPELLER, C.A.

CHARTERED ACCOUNTANTS
250-4299 CANADA WAY
BURNABY 2, B.C.
TELEPHONE: 434-9194

March 7, 1973

The Shareholders,
Wharf Resources Ltd.,
Vancouver, B.C.

We have prepared the balance sheet of Wharf Resources Ltd. as at February 28, 1973 and the statements of exploration and development costs and source and application of funds for the eleven months ended February 28, 1973 from the books and records of the company and from information supplied by the management.

In accordance with the terms of our engagement, we did not perform an audit of the accounts and accordingly, we do not express an opinion on the attached financial statements.

Conlin Cinnamon Speller & Co.

Chartered Accountants

WHARF RESOURCES LTD.

(A company to be amalgamated under the Companies Act, British Columbia)

PRO-FORMA BALANCE SHEET AS AT FEBRUARY 28, 1973

(Prepared without audit)

ASSETS

CURRENT ASSETS:

Cash	\$ 10,874	
Term deposits	<u>200,000</u>	\$ 210,874
INVESTMENTS - at cost		140,000
MINERAL PROPERTIES - at cost		1,029,069
PROPERTY, PLANT AND EQUIPMENT - at cost		20,000
INCORPORATION COSTS		<u>2,695</u>
TOTAL		<u>\$1,402,638</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Due to Coseka Resources Limited	\$ 20,000
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SHARE CAPITAL:

Authorized:

7,500,000 common shares of no par value

Issued:

5,101,251 shares	\$1,382,640	
Less share subscriptions receivable	<u>2</u>	<u>1,382,638</u>
TOTAL		<u>\$1,402,638</u>

NOTE TO THE PRO-FORMA BALANCE SHEET

FEBRUARY 28, 1973

(Prepared without audit)

The pro-forma balance sheet gives effect to an amalgamation agreement dated March 5, 1973 between Wharf Resources Ltd. (Wharf) and French Explorations Limited. (French) as if the agreement had taken effect as of February 28, 1973. The amalgamation is subject to the approval of the appropriate regulatory bodies and the shareholders of each company. The new company, with the continuing name of Wharf Resources Ltd., will exchange 1 similar share for each outstanding share of Wharf and 410 shares for each outstanding share of French. The pro-forma balance sheet reflects the assets, liabilities and shareholders' equities of the two companies at their book values prior to amalgamation. The notes to the financial statements at February 28, 1973 of both companies should be read in conjunction with this pro-forma balance sheet.

DELOITTE, HASKINS & SELLS

Offices across Canada and associated firms throughout the world

Chartered Accountants

1100 - 675 WEST HASTINGS STREET, VANCOUVER 2, B.C., CANADA

Wharf Resources Ltd.
Vancouver, B. C.

Dear Sirs:

We have prepared the accompanying pro-forma balance sheet as at February 28, 1973 from the unaudited balance sheets of French Explorations Limited and Wharf Resources Ltd. and from information given to us.

In accordance with the terms of our engagement, we have performed services as accountants only. We have not performed an audit and consequently do not express any opinion on this pro-forma balance sheet.

Yours very truly,

Deloitte, Haskins & Sells

March 6, 1973

12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Chapparral Mines Ltd. (N.P.L.) is a public company listed on the Vancouver Stock Exchange. The Company is not aware of the names and addresses of persons having a greater than 5% interest in Chapparral.																								
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	<p>335,850 common shares of Coseka, being part of those issued pursuant to the amalgamation of Coin Canyon Mines Ltd. and Niseka Mining Ltd., were, pursuant to earlier arrangements, placed in the possession of Farris and Company, Barristers and Solicitors, to be deposited with Yorkshire Trust Company, Vancouver, B. C. These shares will be released August 20, 1973;</p> <p>Pursuant to an agreement with Excalibur Exploration Ltd. (now Dynasearch Exploration Ltd.) dated January 14, 1972 75,523 common shares of Coseka owned by Dynasearch are pooled with Guaranty Trust Company of Canada, Vancouver, British Columbia. These shares will be released in two instalments to be made on August 24, 1973 and February 24, 1974 respectively.</p>																								
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable																								
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>The names, addresses and shareholdings of the five largest registered holders of common shares of Coseka are as follows:</p> <table> <tr> <th><u>Name and Address</u></th><th><u>Common Shares</u></th></tr> <tr> <td>John S. Davidson 4727 Drummond Drive Vancouver, B. C.</td><td>488,615 free</td></tr> <tr> <td>*Doherty McCuaig and Co. Simpson Tower Toronto, Ontario</td><td>213,228 free</td></tr> <tr> <td>Arthur Holdings Ltd. R. R. #1 Chase, B. C.</td><td>241,730 free</td></tr> <tr> <td>*Wolverton & Co. 534 Burrard Street Vancouver, B. C.</td><td>418,018 free</td></tr> <tr> <td>Dynasearch Exploration Ltd. c/o C. Michener 2302 Simpson Tower Toronto, Ontario</td><td>130,272 free 85,713 pooled</td></tr> </table> <p>*Coseka does not know who the beneficial owners are of the shares registered in the names of Doherty, McCuaig and Co. and Wolverton & Company Ltd.</p> <p>The names, addresses and shareholdings of the five largest registered holders of 6% exchangeable shares of Coseka are as follows:</p> <table> <tr> <th><u>Name and Address</u></th><th><u>6% Exchangeable Shares</u></th></tr> <tr> <td>John S. Davidson</td><td>73,205 free</td></tr> <tr> <td>*Doherty McCuaig and Co.</td><td>78,782 free</td></tr> <tr> <td>Dynasearch Exploration Ltd.</td><td>118,013 free</td></tr> <tr> <td>Arthur Holdings Ltd.</td><td>46,000 free</td></tr> <tr> <td>Charles H. Wills 26th Floor Toronto Dominion Bank Bldg. 700 West Georgia Street Vancouver, B. C.</td><td>25,000 free</td></tr> </table> <p>*Coseka does not know who the beneficial owners are of the shares registered in the name of Doherty, McCuaig and Co.</p>	<u>Name and Address</u>	<u>Common Shares</u>	John S. Davidson 4727 Drummond Drive Vancouver, B. C.	488,615 free	*Doherty McCuaig and Co. Simpson Tower Toronto, Ontario	213,228 free	Arthur Holdings Ltd. R. R. #1 Chase, B. C.	241,730 free	*Wolverton & Co. 534 Burrard Street Vancouver, B. C.	418,018 free	Dynasearch Exploration Ltd. c/o C. Michener 2302 Simpson Tower Toronto, Ontario	130,272 free 85,713 pooled	<u>Name and Address</u>	<u>6% Exchangeable Shares</u>	John S. Davidson	73,205 free	*Doherty McCuaig and Co.	78,782 free	Dynasearch Exploration Ltd.	118,013 free	Arthur Holdings Ltd.	46,000 free	Charles H. Wills 26th Floor Toronto Dominion Bank Bldg. 700 West Georgia Street Vancouver, B. C.	25,000 free
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16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Management of the Company is in a position to affect control of the Company subject to receipt of a sufficient number of proxies.																								

17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<p>Coseka has the following investments:</p> <table><tr><th><u>Name of Company</u></th><th><u>Number of Shares</u></th><th><u>Cost or Book Value</u></th><th><u>Market Value</u></th></tr><tr><td>Ultrabasic Minerals Ltd. (N.P.L.)</td><td>127,500</td><td>\$75,770</td><td>No market</td></tr><tr><td>Ionarc Smelters Ltd.</td><td>13,100</td><td>\$21,746</td><td>\$20,305</td></tr><tr><td>Silgold Mines Inc.</td><td>25,000</td><td>\$64,062.83</td><td>No market</td></tr><tr><td>Safari Oil and Gas Limited</td><td>16,000</td><td>\$ 1,600</td><td>No market</td></tr><tr><td>Henrietta Mines Limited</td><td>15,000</td><td>\$ 4,500</td><td>\$2,400</td></tr><tr><td>Sheppard Enterprises Ltd.</td><td>5,000</td><td>\$ 5,000</td><td>No market</td></tr></table> <p>Silgold Mines Inc. is a wholly owned subsidiary and Safari Oil and Gas Limited is a controlled subsidiary of Coseka. Two other inactive subsidiaries of Coseka are The Wells Townsite Company Limited and Gold Quartz Hospital Limited and are carried on the books of Coseka at a nominal value.</p>	<u>Name of Company</u>	<u>Number of Shares</u>	<u>Cost or Book Value</u>	<u>Market Value</u>	Ultrabasic Minerals Ltd. (N.P.L.)	127,500	\$75,770	No market	Ionarc Smelters Ltd.	13,100	\$21,746	\$20,305	Silgold Mines Inc.	25,000	\$64,062.83	No market	Safari Oil and Gas Limited	16,000	\$ 1,600	No market	Henrietta Mines Limited	15,000	\$ 4,500	\$2,400	Sheppard Enterprises Ltd.	5,000	\$ 5,000	No market
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18. Brief statement of any lawsuits pending or in process against company or its properties.	None																												
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	<p>The following contracts to which Coseka is a party are although not out of the ordinary course of the business of Coseka, of sufficient significance to be considered material.</p> <ol style="list-style-type: none">1. Agreement between Coseka and Alberta Eastern Gas Limited executed August 22, 1972 but effective April, 1971 pursuant to which Coseka acquired a 10% working interest in approximately 158.75 sections in Alberta.2. Agreement between Coseka and Suffolk Oil and Gas Ltd. dated May 26, 1971, pursuant to which Coseka acquired a working interest in 37 sections in Alberta and a gas license in Alberta.3. Agreement between Coseka and its controlled subsidiary, Safari Oil and Gas Limited, dated February 17, 1972, pursuant to which Safari assigned to Coseka a 20% participating interest in a well site spacing unit in Alberta.4. Agreement between Coseka and, inter alia, Imperial Oil Enterprises Ltd. dated January 1, 1972 pursuant to which Coseka is participating in a joint venture managed by Imperial which is exploring and where warranted developing oil and gas properties in Western Canada.																												
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	None. No shares in the Company are in the course of primary distribution to the public.																												

CERTIFICATE OF THE COMPANY

DATED March 30, 1973

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

COSEKA RESOURCES LIMITED

Per: [Signature] CORPORATE SEAL

Per: [Signature]

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)